

# GRTU NEWSTRING



## The GRTU Electoral Manifest for the 2017 General Election

The GRTU Malta Chamber of SMEs has presented its Electoral Manifest, comprising of 33 proposals all in favour of improving the economic climate for local SMEs competitiveness and socio-economic growth. The paragraphs here forth summarize the proposals presented.

### Key Principles

**Agreements reached at MCESD level by all social partners represented** to be **rectified** by government.

Government through its own intervention shall not put public entities, public institutions, NGOs and charitable foundations in unfair competition with the private sector, to **avoid destabilizing markets** in such a manner as to create unfavorable market conditions.

**Local Councils restricted** once and for all from regula-

tions and licensing of the private sector.

Develop a **mechanism to financially value the price of the public land found in ODZ**. In addition, public land in ODZ should be valued at commercial rates and a premium is to be added to this valuation since ODZ land is being used.

**Creating a new economic sector** that is emerging and would create a successful niche in Malta.

### The Institutions

For the safeguard of the integrity of **politically sensitive institutions and the President** and limiting potential negative exposure of the government, GRTU requests that the heads of specific institutions be **appointed through 2/3 majority in parliament**.

Increased **transparency and fairness** in the **Planning Authority** is eminent to ensure a leveled playing field in the eyes of decision makers. GRTU calls for the revision of decision making processes within the Planning Authority.

GRTU requests a proper **safeguard of fair competition** through the establishment of a **Guardia di Finanza**, to react to the need of enforcement of import boarder to eradicate unfair competition. Secondly, **Eco-Enforcement officers** should also be set-up to ensure the fair adherence to environmental regulations.

Civil servants are there to serve the public and this requires them to act in way that does not castigate or hinder business to operate in a timely manner. For this reason, GRTU calls for the launch of a consultation that will lead to an '**Accountability Bill**' for civil servants.

Principles enshrined within the **Small Business Act** must **be legally enforceable**. This includes the application of the 'Think Small First' principle and the SME test.

### **Pro-Business Legislation Amendments**

The set-up of a high level task force to implement agreed traffic solutions with its participation. A commitment is also necessary to work on a **sustainable transport system** that will result in a shift of the general public to public transport.

Wardens to assist on the roads and traffic flows are to be employed by Government. GRTU expects the legislator to also commit to enter into a discussion on how to make the lives of businesses that depend from working on the road easier.

Acknowledging the fact that Malta experienced a surplus, GRTU in support of wealth distribution calls for an amendment in the **income tax of business to 10%**.

GRTU supports the need of attracting foreign investment which adds value to the Maltese economy and this must be therefore incentivized. Yet, certain sectors have saturated to a point where incentives are leading Maltese enterprises to be significantly disadvantaged. **Sectors of which there is abundance in Malta should not benefit from the 6/7<sup>th</sup> tax incentive.**

GRTU requests the next legislature to commit that each **fee imposed on businesses** must have a specific scope and placed in a **ring fenced fund** and used either to improve the service provided to the enterprises paying the fees or use the funds for the benefit of society in a way directly linked to the scope of the fee.

Excise tax imposed on a number of products creates further bureaucracy and opens door to evasion of such unfair imposition. GRTU calls for the **removal of SISA** on tyres, metal, tiles, glass, lubricants, bottled water, cosmetics and personal care products

**Cost of employment** has increased exponentially in the past years, due to scarce human resources, wage inflation, staff turnover and social measures. Hence, GRTU expects a commitment from the next legislature for **full compensation for the loss of production and competitiveness** due to social measures.

In realisation that GRTU is a major representative of local business interest, it requests the appointment of a **GRTU representative on a number of Boards** of which decisions effect directly the wellbeing of enterprises. For example: MTA Board, National Skills Council etc.

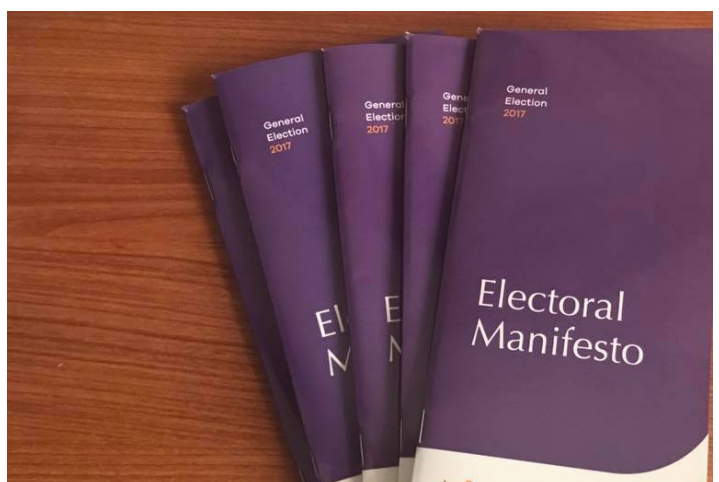
A system of **compulsory memberships to all enterprises** since GRTU believes that social dialogue is a pre requisite for a democratic system to function in an exemplary manner.

GRTU calls for the **revision of rent law** and proper compensation for the loss of goodwill in rent payable to tenants.

The death tax imposed on transfer of business ownership is unfair and unjustifiable; GRTU insists that the **death tax must be removed** to invoke fairness and equitable transfer of business from generation to generation.

**Enterprises must not suffer the burden of penalties from the MFSA** due to the inability of auditors to perform in a timely manner. GRTU request the next legislature to **waiver 90% of the fine** in the circumstance when enterprises comply in a timely fashion.

Self-employed serve an important function in our economy and they are most of the time lacking a support structure. Self-employed are however families and they also require family-friendly benefits. GRTU calls



for the **inclusion of self employed in the scope of family friendly measures on the same lines of employees**

GRTU calls for major tangible results in the field of **access to finance**. In terms of better access to venture capital in reduction of administrative and legislative burdens. Secondly, strengthen the functions of the MFSA and MCCA as regulators in the financial sector. Finally, incentivize the banking industry to enter the market.

GRTU calls for the **removal of audit burden off micro enterprises** and introduce a voluntary audit system, especially considering the European Union is in favour of such proposal.

In a drive to making the most out of the digital single market, GRTU calls for the **reduction of the unnecessary packaging and delivery costs** which cause a barrier to online trade of goods from Malta to other countries.

GRTU expects the reduction in **price of electricity to go down by 30%**. Furthermore, to maintain a competitive market environment, **liberalisation of the energy market** must move from paper to practice.

GRTU maintains that the next government must invest in the **regeneration of commercial hubs at locality level and industrial areas**. Through the set up of

foundations similar to that of Mriehel.

A **buying local campaign** and **quality certification system** of Maltese goods and services.

The social stigma of failure in business has demoralised entrepreneurs in taking up a second opportunity of business. GRTU requests the forthcoming legislature to commit to partnering with GRTU to launch the **Early Warning Foundation**.

**Freeport facilities** have reached saturation to a point where local operators are dealing with delays and inefficiencies. For this reason, GRTU calls for the allocation of additional space for the exclusively for local operators.

GRTU calls for the set up of a local R&D fund which deals with the context specific project requirements of Malta's renewable energy sector.

Commitment is requirement for the set up of a **permanent link between Malta and Gozo**, with a clear timeline of project implementation to be presented publicly.

Set up a professional **Retail School**, which builds on the development of potential human capacity for the retail industry.

## **GRTU echoes business concern and calls for immediate and mature solutions: Political instability is harming business**

GRTU is alarmed by how the political uncertainty has engulfed all of our social and economic spheres of life and the results are very worrying. Numerous GRTU members have expressed their concern with the political situation with no conclusion in sight. On the contrary, GRTU is following developments with grave concern and the situation is increasing in absurdity fragmenting our social and economic fabrics.

Business is being negatively affected by the intense political tensions. Business is hit with every piece of sensational news and demonstration and this has now become the order of the day. The outlook is unsustainable in the short term. Consumer sales are hitting rock bottom all too frequently and business and investment in general is experiencing slowdown.

GRTU calls for the government and the opposition to shoulder their political responsibility towards the country and come out with an immediate solution to stabilize the situation and end the stalemate in the shortest time possible.

The current political crises and allegations do not do our country justice. We expect everyone, especially our institutions, to do their utmost to clear the air and go about things with responsibility. The results we are enjoying in our economy today are not just the result of the government's work. Enterprises have worked very hard and we will not accept to have this progress thrown away and Malta's goodwill tarnished.

Our country is calling for closure and stability

# What do the main political parties think about GRTU proposals for the 2017 general election?

## Labour Party

From the manifest published by the LP it is evident that a number of GRTU proposals have been taken on board and integrated as commitments within the PL manifest itself. In line with GRTU's proposals, the LP has committed to give more legal standing to the tenant through the recognition of the goodwill, in the reformed rent laws, where before the tenant was completely disregarded. The LP has also committed to GRTU's request to make the



principles enshrined into the Small Business Act legally enforceable. Other request upheld are for the investment and upkeep of commercial centres within the locality through the creation of Foundations similar to those of Mriehel, a buy local campaign and a quality certification system. The LP has also committed to partner with GRTU for the creation of a Second Chance Foundation that would help businesses in difficulty to stand on their two feet and also to the creation of a new economic sector, which is important to GRTU to maintain the economic momentum.

Other positive proposals coming from the LP are the removal of the Eur 700 fee to open the business for 7 days a week, improved single work permit scheme, the off-setting of bills when money from the public sector is due and the free school transport to alleviate traffic congestion.

Other proposals GRTU itself has presented that have been taken up are the reform of the MFSA fines to reduce the cost on businesses, eradicating unfair competition especially that

coming by sea, the establishment of an R&D fund, extending social benefits for self-employed and introducing an Accountability Charter for Civil Servants.

## Nationalist Party

The manifesto of the PN reflects that of GRTU, most especially when it comes to strengthening good governance. The PN commits to giving a price to ODZ to safeguard it and avoid exploitation, it commits to increase democracy and strengthen institutional independence



through the appointment of key high positions through 2/3 parliament. The PN have also taken up GRTU proposals to address unfair competition, the total removal of tax from family business transfers, and the removal of excise tax from cosmetics and personal care products.

Other positive proposals put forward are greater transparency in the operation of the planning authority and the reduction to 10% on income tax to businesses up to a threshold. The PN also committed to set a percentage of work given to the private sector to be given to small businesses as well as free school transportation to alleviate traffic congestion.

In a meeting with Hon Dr Busuttill, GRTU also raised a number of points that have not yet been taken up, mainly for all SMEs to benefit from the 10% income tax reduction and for excise tax to be eradicated. Dr Busuttill said that these are initial proposals presented by the PN and they are a first step, and will consider extending these incentives once there is positive take up.



# Human Resources: Weighing the Costs, resorting to available Opportunities

GRTU understands that the cost of employment has risen over the past years. Especially since human resources are becoming more scarce, increased wage inflation, high staff turnover and social measures.

The Jobsplus employment relations unit can help employers through advertisement of a vacancy online on the Jobsplus portal, the personalised recruitment services, mass automation through customised advertising of a vacancy, recruitment drives at Jobsplus or Employer's venue.

## **EURES**

If recruitment search among Maltese nationals proves to be in vain the EURES office can help you recruit European nationals. This is carried out through the Eures Portal, or customised aid when targeting specific needs and requirements of the employer.

## **Employment Licences Unit**

An additional step employers can take is through the Employment Licences Unit. The Unit can guide employers with information with respect to Third Country Nationals (TCN). The TCNs which require a working permit are Irregular Migrants, Croatian

## **“Cost of Employment has risen over the past years”**

Nationals and a list of TCN are not eligible for the Single Permit Process. Applications for working permits are submitted to Identity Malta. Jobsplus' responsibility in this process is to assess these applications from a Labour Market point of view through a Market Testing System.

## **Traineeship and Work Exposure Schemes**

Furthermore, employers can apply for the **Traineeship scheme** and the **Work Exposure scheme** which give prospective employees the chance for on the job training, funded by the government itself. A ratio of employed to individuals working under the aforementioned schemes applies.

## **Youth Guarantee Scheme**

Similarly, Jobsplus provides for the Youth Guarantee Scheme. A scheme which is an aid for youths to transition from study to employment, whilst giving employers the opportunity to train youths on the job with no wage payment required since this is funded by EU funding itself.

## **Access to Employment Scheme**

Following these schemes, Jobsplus representatives explained the access to employment scheme which helps employees to recruit disadvantaged target groups such as persons who have not been in employment in the past 12 months.



## **Investing in Skills Scheme**

Subsequently, the **Investing in Skills Scheme** was explained. A total of €8 million are allocated to businesses in pursuit of improving their employee's skills. This scheme covers trainee's cost for up to 8 hours a day and allocation is based on the ratio of employee in training. The scheme is not applicable for accredited courses MQF level 1-4 or any mandatory by law training requirements such as the Handling Training, Aircraft Training. Yet the smaller the company size the larger the fund allocation allocated.

## **Lino Spiteri Foundation**

Finally, the **Lino Spiteri Foundation** within the realm of government agencies explained its role as a facilitator the process of employment between individual on the disability registry and company. Apart from on the site job coach, employers benefit from tax exemptions, employment fiscal incentive and the access to employment scheme.

# GRTU requests that excise tax is revoked immediately following June 2017 General Election

GRTU brought together a number of importers who pay the unjustifiable excise duty in Malta through a consultative meeting in the month of May. Through its representation of business interest, GRTU is requesting political commitment to revoke excise tax immediately following the June 2017 General Election. Unfortunately, further extensions of this tax came about through Budget announcements without any form of consultation or impact assessment. Excise tax is anti-business, anti-consumer and against the interest of our country.

GRTU and its members have no faith in the local tax enforcement system when it comes to tackling unfair competition. With Excise Tax, the list of products that create an incentive to the black economy has increased. Excise tax is also unenforceable. Goods entering the market through the internet that do not add up to €20 with each delivery are exempt. Moreover, there is no sticker showing that excise has been paid and distinguishing between declared and undeclared items is close to impossible.

Excise tax is a disproportionate due to the excessive compliance burden it creates in comparison to the return. This statement is based on information gathered from GRTU members and research GRTU has conducted on our own initiative. Importers have had to allocate additional unproductive human resources for this compliance, in addition to additional payments to their handlers. The amount of paperwork is prohibitive and in line with what used to be requested by customs for import duties.

**“Excise tax is a disproportionate due to the excessive compliance burden”**



**“Government must be transparent in its collection of taxes”**

Enterprises that have carried out their environmental duties of enrolling in a waste-compliance-scheme and as a result became exempt from paying eco-tax are once again being lumped with the cost of excise. GRTU has been campaigning against the unjust eco-contribution for years and we have welcomed its removal only to have the burden reintegrated with excise tax. GRTU believes that pocketing such funds has been replaced by the introduction of such excise duty. Businesses who currently comply with the EU Directives finally get to witness eco-tax used to recycle and treatment of products they put on the market but in parallel have to sustain government’s dependence on the old environmentally-disguised tax. Government must be transparent in its collection of taxes.

Importers feel that this excise tax is taking them back in time to pre-EU accession. Whilst following EU accession a simple invoice was sufficient the tedious excise system requires them to find all the relevant HS codes, notifications and declarations to customs, await a number from customs etc.

From the complaints handled by customs department, customs officials were deemed to be very harsh and have threatened businesses with legal action on accounts of minor mistakes. GRTU believes that custom officials must have their excessive power revoked of these work within their intended remit; that is to support the regulation of outward and inward expedition of goods in a fair and just manner.

Importers of goods are urged to sign the Declaration form being distributed via email and return to GRTU, 157, Archbishop Street Valletta. For any additional information kindly contact Raket Cilia on [raket.cilia@grtu.eu](mailto:raket.cilia@grtu.eu)

## Does the EU Encourage Private Sector Investment? The example of Malta



On the 11<sup>th</sup> of May 2017, GRTU President, Mr. Paul Abela was invited to participate in a Question & Answer (Q&A) session organized by the European Economic and Social Committee Employers' Group as part of a Seminar organized in Malta titled 'Does the EU encourage private sector investment?'

The main theme discussed during this Q&A session was 'Attracting private sector investment: the example of Malta'. The moderator Mr. Stefano Mallia asked the panel to highlight the specific challenges businesses are facing when trying to attract investment. Mr. Abela mentioned that Malta faces a number of challenges which include; Transport and logistics infrastructure. Malta still faces a big challenge with regards to infrastructure. The issue of transport needs to be given more importance and more investment is required in this area. Moreover given that Malta is an island certain limitations remain. For this reason a number of incentives are required to connect local businesses to the Europe network. Another important challenge mentioned was the skill gap present. Although Malta has a strong educational system, the local curriculum needs to adapt in order to address the required skills employers' need.

Finally Mr. Abela mentioned a challenge SMEs face constantly, the access to Finance to SMEs. Although initiatives are already in place such as JAIME financial package, this is not enough. Mr. Abela stated that having a Development Bank is pertinent and more funds need to be allocated. Moreover the Development Bank would be provide guarantees to facilitate loans to SMEs. During this session it was also noted that although some of the challenges, are challenges faced throughout Europe, others may only be present in Malta or in similar island countries.

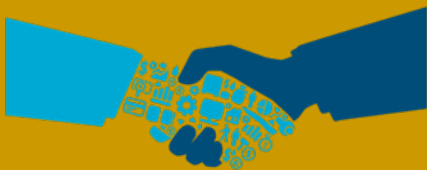
During this seminar, the Main Employers' Groups in Malta, the Prime Minister of Malta and the President of the Employers' Group for the EESC signed a joint declaration. In this declaration all signatories agreed that more private sector investment in Europe is to be encouraged. More efforts are needed in order to promote private investment especially with regards to EU and national policies, the EUs Single Market and Technology and Innovation. The joint declaration can be accessed here; <https://goo.gl/llhzth>



## Benefit from the Commercialisation Voucher Programme

The Malta Council for Science and Technology is inviting applications for funding under the **FUSION Commercialisation Voucher Programme**. The Commercialisation Voucher Programme is another instrument aimed at bridging the existing gap in the R&I framework as well as improving the overall development and commercialization potential of innovative ideas.

This Programme is aimed at enticing user driven innovation, with the ultimate aim of increasing research, technological development and innovation activities, which can eventually be implemented in industry. The Vouchers are primarily intended to assist prospective applicants of the FUSION Technology Development Programme in order to prepare themselves better in terms of project proposal and validation. It may also assist beneficiaries of **previous or current R&I Programmes** as well as projects funded through the European Programmes.



## The New 50 Euro banknote: Strategies to combat Counterfeits

GRTU organised an information session on the Introduction of the new 50 Euro Banknote, and strategies to avoid counterfeit money at the Central Bank of Malta. During this informative brief, Ms Elaine Lenzo from the Currency Operations Office explained the different features of the 50 euro bank note to the attendants. Whilst explaining the 'look tilt and feel' method to detect counterfeit bank notes.

GRTU members were able to learn about the ways and means in which one can detect counterfeit money. Enterprises must be aware that 79.8% of counterfeits account to €50 and €20 bank notes. Businesses are also advised to avoid using the felt pen method to check whether the money is counterfeit since these are not always fool proof.

Amongst its services Central Bank offers on-site training for staff as well as monitoring of authentication equipment for detection and avoidance of such euro banknotes. Furthermore, for the public's perusal, Central Bank offers an online list of certified software for machinery which can detect the most recent kinds of counterfeit bank notes.



The **Malta Maritime Forum** would like to invite professionals, entrepreneurs and operators, involved or interested in the maritime sector, under the age of 40, to join our initiative for the creation of, 'YoungShip-Malta'. This project is aimed at promoting and giving a voice to the next generation of leaders in the **Maltese shipping industry** with the ultimate goal leading to the registration of the local entity as members to, 'Young Ship-International'. Interested candidates are kindly invited to register via email, together with a short bio, to the Malta Maritime Forum on [admin@mmf.org.mt](mailto:admin@mmf.org.mt) ATTN: 'Ms. Lisa Camilleri – Executive Secretary.'



# The Family Business Act

During an info session held for GRTU members on Wednesday 3<sup>rd</sup> of May, Dr Nadine Lia, Regulator for the Family Business Malta, said that more than any other Member State, Malta's economy depends on its SMEs which have so far weathered the economic crisis well. Around 98% of all businesses are micro, small and medium sized enterprise with the vast majority of them being family run businesses. 95% of these SMEs are classified as micro enterprises having less than 10 employees and provide about 80% of all jobs in the business economy and create 71% of the overall value added.

Dr Lia said that last year more than 80% of the family businesses in Malta reported an increased turnover over the past 12 months. 60% of the family businesses surveyed are generating an average of 24% of turnover from overseas markets, and as many as 52% of family businesses recognized the importance of establishing new entrepreneurial ventures.

To establish the creation of the Family Business Act, Dr Sant informed that direct consultation took place with over 40 stakeholders and public consultation with the general public. A Committee consisting of public and private stakeholders was set up meeting every week for a period of one year.

With this innovative legislation and new support system established, the Family Business Unit intends to bring recognition and support to this vital economic sector. The role of the Regulator is intended to assist family businesses in their endeavours of transferring their family businesses by benefitting from the incentives made available to those registered and receive all due support in the process.

Businesses entitled to register will have to be established in Malta with a minimum of 2 family members. No one family member can hold more than 80% shares, capital contribution and interests. Shares issued allow for dividends to voting, right to assets and profits. Business must have been established for 3 years and must intend to retain the status of a family business for 3 years. At least 1 family member is involved in the general governance/decision making rights. Up to 5% shares can be released to third parties and up to 10% shares can be released to full time employees



Businesses can benefit from the following Government incentives; **Loan Guarantee** of up to **€500,000** per business for the purpose of acquiring the business; **Micro investment** of a maximum tax credit of **€50,000** over a three year period; **Advisory** – Legal, Notarial and Accountancy advisory services up to **€2,500** over a five year period to assist in succession or business transfer; **Educational and Training** for owners and their employees up to **€1,000** annually per family business; **Mediation through Arbitration** of up to five sittings with a value of **€2,500** with the objective to establish the fair value of the business; **Positive consideration of lease renewal** of industrial government leased premises; **Investment Aid 2014-2020** - Waivering of the condition that assets are to be bought by unrelated third parties- now applicable to family businesses allowing them greater access to investment aid.

Businesses will also benefit from a reduced stamp duty on the value of the immovable property – the first **€500,000** shall be charged at the reduced rate of **3.5%**; **Exemptions** of stamp duty on a capped value of shares – the first **€150,000** shall not be taken into account. Parents transferring their family business to their children during this one year from April 2017- April 2018 period will benefit from a reduced stamp duty of **5% to 1.5% with no capping on the amount to be transferred.**

Furthermore the Family Business Unit will serve as a support to family business in the regulation of their business, their governance and enhancement of their internal organisation and structure with the aim of helping them to effectively operate their business and work towards a successful succession of the family business.

**Further information on the above can be obtained on tel: 00356 2220 9524 or email; [familybusinessact.meib@gov.mt](mailto:familybusinessact.meib@gov.mt)**

# EU Funding and Assistance: An information session held in Gozo



On Thursday, 11th of May, GRTU in collaboration with Europe Direct Valletta held an information session in Gozo. The conference attracted a number of Gozitian enterprises with interest in EU Schemes and Funding Assistance available for Businesses, primarily for SMEs. The information session was introduced by Ms Abigail Mamo, CEO of GRTU together with Mr. Michael Galea a GRTU Council representative to Gozo.

The information session covered an array of schemes. The first speaker, Ms Maria Zammit Micallef, from Malta Enterprise explained the Energy Audit Voucher Scheme available for SMEs. SMEs are eligible for this scheme provided that their electricity consumption is more than 10,000KW, and does not exceed 75,000KW. All application forms for this scheme should be filled online. This scheme is the stepping stone for the application of further schemes to improve the business's overall environmental efficiency.

Subsequently, Mr. Charles Buttigieg a speaker on behalf of The Energy and Water Agency, explained the importance of an energy audit. In order for SMEs to benefit from this scheme a detailed analysis of the energy performance of the enterprise

is required. The energy audit will reflect the enterprise's overall consumption, where identification and basic evaluation of low cost opportunities can then be easily implemented are identified.

Finally, Ms Moira Attard, representing the Ministry for European Affairs explained the E-Commerce grant scheme, which assists SMEs in taking their business online and helping them offer their products and services online. This scheme has a number of cut-off days till the end of year 2017 which will help businesses collate the required material to plan in advance for application submission.

Ms Attard described other available EU grant schemes, such as the Start-Up Investment Grant Scheme, Growth Grant Scheme, Diversification and Innovation Grant Scheme, Internalisation Grant Scheme as well as the Consultancy Services Grant Scheme.

Should GRTU members require help with compiling the paper work required, GRTU is able to offer this service at a minimal fee. Otherwise, GRTU is able to vet paper work at no extra charges, to ensure that all paperwork is compiled to ensure maximum chances of eligibility and acceptance to all aforementioned schemes.

Contact GRTU Malta Chamber of SMEs on **21232881 / 3** or e-mail **admin@grtu.eu**



Operational Programme II – Cohesion Policy 2007 – 2013  
*Empowering People for More Jobs and a Better Quality of Life*  
Project may be part-financed by the European Union  
European Social Fund (ESF),  
Co-financing rate: 85% EU Funds; 15% National Funds



*Investing in your future*